



Director of
Intelligence

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EC: Multilateral Trade Negotiations

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//After a marathon session yesterday, the EC Council of Ministers gave qualified approval to the EC Commission's initialing of the Multilateral Trade Negotiations package. The initialing is now scheduled for 11 April in Geneva.// [REDACTED]

//The approval is subject to the removal of Italian reservations about EC concessions on a few specific products. Shortly after the Council meeting, EC sources believed Italy would soon lift its reservations in exchange for further US concessions on ceramic products. Subsequently, however, Prime Minister Andreotti was reported to have taken an inflexible stand on EC table grapes concessions and the US position on woolen textiles. It is thus still possible that Italy will prevent a timely conclusion of the package.// [REDACTED]

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//An EC committee will meet on Monday to decide which of the negotiated "codes"--agreements on various kinds of nontariff trade barriers--satisfy enough EC objectives to be initialed. The committee will also consider the language of two related EC declarations aimed primarily at monitoring US compliance with the agreements. The EC is particularly interested in the amendment of US law to restrict protective measures such as countervailing duties to industries that actually suffer serious injury.// [REDACTED]

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//French Trade Minister Deniau, who presided over the Council, highlighted the Community's attempt to keep pressure on the US to follow through on its commitments. He viewed this as part of a wider EC success in getting the US to "play by the rules" in international trade. He also noted EC satisfaction that its Common Agricultural Policy would not be jeopardized by the multilateral trade agreements.// [REDACTED]

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PAKISTAN: Bhutto Execution

Pakistan has been calm following the execution of former Prime Minister Bhutto yesterday. Minor demonstrations occurred in several cities but no serious violence was reported. The US Embassy has described the people as "dazed." The government apparently intends to continue its increased security precautions--perhaps in anticipation that the public mood may change.

USSR-CHINA: Response to Treaty Abrogation

An official Soviet statement issued yesterday called the Chinese abrogation of the Sino-Soviet friendship treaty a "hostile action." The statement attacked Chinese arguments for abandoning the 1950 treaty as gross fabrications and said the decision "does not correspond in the least" to China's claimed interest in maintaining normal relations on the state level. The authoritative Soviet response indicates that Moscow will try to extract maximum political advantage from China's move by pointing to a past series of efforts to improve state-to-state ties in the face of Chinese intransigence. Moscow's reaction makes no mention of China's vaguely worded offer to engage in renewed negotiations with the Soviet Union. The statement's uncompromising tone, however, suggests that such talks are unlikely.

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BELGIUM: New Government

Prime Minister Wilfried Martens--a Flemish Social Christian--will present his government to Parliament tomorrow, ending over three months of wrangling. The governing coalition of Social Christians, Socialists, and the Francophone Democratic Front commands a two-thirds majority in the Chamber of Representatives that will enable it to make constitutional changes. Party leaders were able to piece together a vague regionalization plan and a watered-down economic package, but major differences are likely to obstruct the drafting of a budget. Prospects for the longevity of the government are therefore dim, despite its large majority. European Parliament elections on 10 June are likely to cause new shifts in party strengths and alignments requiring the formation of yet another government.

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UK: Cruise Missile Components Test

//A British Defense Ministry official has admitted that the UK is testing at least one advanced gas turbine engine suitable for use in cruise missiles. This is the clearest indication to date that the British are developing a strategic cruise missile. Even if there is not a change of government in London, we believe the UK will develop a cruise missile to the point of flight testing but will withhold final production and deployment until it reaches a decision on the composition of its future nuclear forces. The present Labor government has never publicly committed itself to full-scale development of cruise missiles, but the British have the requisite technology and have been working on cruise missile components for several years. Beginning in the mid-1970s, funds were allocated to government research agencies and aerospace firms to conduct feasibility and development studies.//

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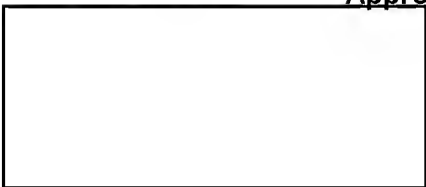
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